

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** PCS for HB 155 Prohibition of Electronic Gambling Devices

**SPONSOR(S):** Select Committee on Gaming

**TIED BILLS:** **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
Orig. Comm.: Select Committee on Gaming		Morton	Morton

### SUMMARY ANALYSIS

Over the past several years, Florida has witnessed a proliferation of electronic sweepstakes, which simulate casino-style games. Local authorities throughout the state have reacted differently, with some relying on current state law to prosecute the operators, some passing local prohibitions and others adopting local regulations.

In March 2013, a three-year, multi-state, multi-agency investigation into the operations, called "Reveal the Deal," resulted in the arrests of at least 57 people and the closing of at least 49 Internet cafés. Charges include a range from possession of illegal slot machines, operating a lottery and keeping a gambling house to racketeering and money laundering.

The bill clarifies current laws concerning charitable drawings, game promotions and slot machines.

As to slot machines, the bill:

- specifically prohibits the use of operator-provided electronic or mechanical devices in relation to participation in charitable drawings and game promotions.
- updates the definition of slot machine to specifically include systems or networks of devices and to remove technologically obsolete criteria.
- provides a rebuttable presumption that machines used to simulate casino-style games in schemes involving consideration and prize are prohibited slot machines.

As to charitable drawings, the bill clarifies the definition of a charitable drawing and specifically provides that compliance with the charitable drawing statute does not provide an exemption from other gambling prohibitions.

As to game promotions, the bill:

- clarifies the definition of a game promotion.
- clarifies that nonprofit organizations may not conduct game promotions.
- specifically provides that compliance with the game promotion statute provides an exemption from the lottery prohibition, but does not provide an exemption from other gambling prohibitions.

The bill is not anticipated to have a significant fiscal impact on state funds.

# FULL ANALYSIS

## I. SUBSTANTIVE ANALYSIS

### A. EFFECT OF PROPOSED CHANGES:

#### Current Situation

##### *Electronic Sweepstakes*

Over the past several years, Florida and other states have witnessed a proliferation of electronic sweepstakes. The electronic sweepstakes are offered at establishments, generally called "Internet Cafés," offering communications services, such as internet access or telephone calling cards. Often these establishments are promoted using casino themes, and sweepstakes are played using casino-style games. The operations are not regulated by the state and the games are not taxed.<sup>1</sup>

##### *Electronic Sweepstakes System*

The following outlines game play from a player's perspective:

1. A player purchases Internet access at a point of sale (POS) or a recharge station and receives an account, represented by a card or a number.
2. The player uses the account card or number at a player terminal and sets his or her wagers and begins game play.
3. The terminal displays a game, such as spinning reels, and the resulting outcome.
4. The player returns to the POS to cash out his winnings.

Analysis of available patents shows that the electronic sweepstakes system is comprised of a central computer system for managing user accounts and a user computer system, which includes devices that together allow a user to purchase internet access, use the purchased internet access, and reveal assigned sweepstakes entries.<sup>2</sup>

##### Central System:

- Stores sweepstakes entries, games and user accounts.
- Manages decisions, including assigning winning outcomes.
- Sends game information to User System.

##### User System:

- Allows users and operators to interact with Central System
- Sends user information to Central System
- Displays game information from Central System to users

Sweepstakes entries, games and user accounts are stored on the central system. Sweepstakes entries may be revealed in a different order than they are assigned to the account. This feature can be used to set play characteristics, such as win frequency or prize distribution.

##### *Enforcement*

Local authorities complain that prosecutions are difficult and costly as they require technical experts and may sometimes require proving that operators knew the games were illegal. While no Florida appellate court has examined the legality of the games, prosecutions have had varied results, with a

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<sup>1</sup> The federal Internet Tax Freedom Act has imposed a moratorium on the taxation of internet access since 1998, and will be effective until 2014, if not renewed by Congress. Pub. L. 105-277, 112 Stat. 2681-719; *last renewed by* Pub. L. 110-108, 121 Stat. 1024-1026. Some operators may be subject to federal and state payroll and corporate income taxes.

<sup>2</sup> *See, e.g.*, US 20070135209A1

grand jury finding the schemes to be illegal gambling;<sup>3</sup> plea settlements resulting in guilty pleas to charges of racketeering;<sup>4</sup> a jury trial resulting in a not guilty verdict;<sup>5</sup> and at least one dismissal based on a lack of evidence.<sup>6</sup>

In March 2013, a three-year, multi-state, multi-agency investigation into the operations, called “Reveal the Deal,” resulted in the arrests of at least 57 people and the closing of at least 49 Internet cafés. Charges include a range from possession of illegal slot machines, operating a lottery and keeping a gambling house to racketeering and money laundering.<sup>7</sup>

Operators of electronic sweepstakes rely on statutes regulating game promotions and charitable drawings to argue that the games are legal. These statutes predate the technology and do not provide an exception from the prohibition on slot machines.

### *Slot machines*

Slot machines have been generally prohibited in Florida since 1937.<sup>8</sup> Slot machines are authorized at certain facilities in Broward and Miami-Dade counties by constitutional amendment or statute.<sup>9</sup>

Section 849.16, F.S. provides:

(1) Any machine or device is a slot machine or device within the provisions of this chapter if it is one that is adapted for use in such a way that, as a result of the insertion of any piece of money, coin, or other object, such machine or device is caused to operate or may be operated and if the user, *by reason of any element of chance or of any other outcome of such operation unpredictable by him or her*, may:

(a) Receive or become entitled to receive any piece of money, credit, allowance, or thing of value, or any check, slug, token, or memorandum, whether of value or otherwise, which may be exchanged for any money, credit, allowance, or thing of value or which may be given in trade; or

(b) Secure additional chances or rights to use such machine, apparatus, or device, *even though it may, in addition to any element of chance or unpredictable outcome of such operation, also sell, deliver, or present some merchandise, indication of weight, entertainment, or other thing of value.*

The Florida Supreme Court has found that “the element of unpredictability is not supplied because a player may not be sure what score he can accomplish by his own skill, but that it must be *inherent in the machine.*”<sup>10</sup>

Promoters of electronic sweepstakes argue the games are not slot machines because there is no element of chance inherent in the machine that the player uses. They argue that the games just offer entertaining ways to reveal the sweepstakes’ outcome. Two out-of-state courts have rejected this

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<sup>3</sup> Jackson County Grand Jury (July 22, 2011), *available at*

[http://thecountypress.com/pdf\\_stories/Gambling%20Presentment/Gambling%20Presentment.pdf](http://thecountypress.com/pdf_stories/Gambling%20Presentment/Gambling%20Presentment.pdf).

<sup>4</sup> Florida v. A & B Entertainment, 2009 CF 001025A, Escambia County; Florida v. Internet Options, 2009, Santa Rosa County; Florida v. Big Dawg Phone Card Store, 2009 CF 001346S, Okaloosa County; Florida v. Spinners, 1708 CF 002539A, Escambia County.

<sup>5</sup> State v. Crisante, 42-2010-CF-001543-BXXX-XX (Marion County).

<sup>6</sup> See, e.g., State v. Reed, 42-2009-CA-004574-AXXX-XX (dismissed); 42-2010-CF-001505-AXXX-XX (nolle prosequi) (Marion County); and State v. Ames, 602009CF000951XXAFX (nolle prosequi) (Sumter County).

<sup>7</sup> See e.g., Mary Ellen Klas & Leonora Lapeter Anton, Internet cafe probe snags dozens, could doom industry in Florida, The Miami Herald (March 13, 2013), *available at* <http://www.miamiherald.com/2013/03/13/3284531/internet-cafe-probe-snags-dozens.html#storylink=cpy>.

<sup>8</sup> Section 849.15, F.S., originally enacted by s. 1, ch. 18143, L.O.F. (1937).

<sup>9</sup> See Article X, Section 23, Florida Constitution; ch. 2010-29, L.O.F. and chapter 551, F.S.

<sup>10</sup> *Deeb v. Stoutamire*, 53 So.2d 873, 875 (Fla.1951). See also *State v. Broward Vending*, 696 So.2d 851, 852 (Fla. 4th DCA 1997)(relying on the rationale of *Deeb* to determine certain games were slot machines).

argument, finding that the whole system amounts to a slot machine. Alabama's Supreme Court, the first state supreme court to examine the devices, explained,

Today, "most slot machines in casinos are not manually operated." More and more, such machines are controlled by computer. Indeed, modern slot machines may be "stand-alone or network computers." Thus, a device is no less a slot machine because it operates within a network, that is, because it shares computer-processing equipment with a number of similar devices.

In this case, the element of chance is satisfied at the point of sale-before the readers are activated-by the same central database and other computer equipment that serve to operate the readers. It is immaterial that the readers do not, themselves, assign values to the entries. In short, the element of chance is as much a feature of the MegaSweeps network system as of a stand-alone slot machine.<sup>11</sup>

Likewise, a Mississippi appellate court examining the scheme came to the same conclusion, explaining:

The element of chance is considered from the player's point of view; "[w]hat the machine 'knows' does not affect the player's gamble." Additionally, the Barber court concluded that even though the outcome of the sweepstakes entries was predetermined and not impacted by playing games on the electronic readers, the element of chance existed at the point of sale. We see no reason to find differently here. While playing the games at the computer terminals did not impact the outcome of the sweepstakes points, an element of chance still existed because a consumer who purchased a telephone card did not know whether the card contained a winning or losing sweepstakes points. This issue is without merit.<sup>12</sup>

The Florida Attorney General has opined that a precursor to the electronic sweepstakes model, a machine that dispensed 2-minute telephone calling cards with an attached game promotion, was an illegal slot machine.<sup>13</sup> The machine used a "finite cartridge, which contains 15,000 preshuffled cards, each with its unique personal identification number and winning or losing sweepstakes ticket. When these 15,000 cards are sold the sweepstakes has ended."

The Attorney General opined that:

The principal function of the device ... is gambling, that is, the user inserts money and the machine operates to provide the user with a sweepstakes ticket that, *by reason of chance*, may entitle the recipient to a money prize. The incidental receipt of merchandise, in this case a telephone card, will not provide justification or authorization for the ownership, sale, or possession of a machine or device described in section 849.16, Florida Statutes.<sup>14</sup>

### *Game Promotions*

Businesses use game promotions as a marketing tool to promote their goods or services. Although game promotions generally require payment of money, the Florida Supreme Court has found that the game is a lottery, containing the three elements of consideration, chance and prize.<sup>15</sup>

In *Little River Theatre Corp. v. State ex rel. Hodge*, the Florida Supreme Court adopted a view that any benefit to the game promoter constitutes consideration. Thus, even if players do not pay to participate in the game promotion, it is an illegal lottery:

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<sup>11</sup> *Barber v. Jefferson County Racing Ass'n*, 960 So.2d 599, 609-10 (Ala., 2006).

<sup>12</sup> *Moore v. Mississippi Gaming Com'n*, 64 So.3d 537, 541 (Miss.App., 2011).

<sup>13</sup> Fla. AGO 98-07; *see also* Fla. AGO 2008-35, opining that a machine dispensing instant bingo tickets is an illegal slot machine.

<sup>14</sup> *Id.*

<sup>15</sup> *Little River Theatre Corp. v. State ex rel. Hodge*, 135 Fla. 854 (1939).

But while the patrons may not pay, and the respondents may not receive any direct consideration, there is an indirect consideration paid and received. The fact that prizes of more or less value are to be distributed will attract persons to the theaters who would not otherwise attend. In this manner those obtaining prizes pay consideration for them, and the theaters reap a direct financial benefit.<sup>16</sup>

Since 1971, the games have been regulated by s. 849.094, F.S.<sup>17</sup> Game promotion' is defined by statute as a contest, game of chance, or gift enterprise, conducted within or throughout the state and other states in connection with the sale of consumer products or services, and in which the elements of chance and prize are present.

The statute prohibits game promotions from requiring entry fees or proof of purchase to play, having predetermined winners, arbitrarily disqualifying entries, failing to award prizes, and advertising falsely.

If the total value of offered prizes exceeds \$5,000, the operator must:

- File with DACS a copy of the game rules and prizes seven days before the game promotion begins.
- Establish a trust account equal to the total retail value of the prizes.
- File a list of winners of prizes exceeding \$25 within 60 days.

"[T]he DACS is charged with processing and filing documents for game promotions. ... the fact that their filing documents have been reviewed and found complete ... does not mean that the promotion or game is legal and in compliance with the provisions of chapter 849, F.S."<sup>18</sup> The DACS expressly informs each operator that registers a game promotion that it takes no position on the validity, efficacy, advisability, or propriety of the game.<sup>19</sup>

Violations of the statute are punishable as second-degree misdemeanors. Persons violating the statute may also be liable for civil fines.

The statute does not apply to activities regulated by the Department of Business and Professional Regulation (DBPR) or bingo. Television or radio broadcasting companies licensed by the Federal Communications Commission are exempt from the statute's reporting requirements. The statute defines 'operator' to exclude charitable nonprofit organizations.

The DACS received its first game promotion filing for an electronic sweepstakes in 2006.<sup>20</sup> The following chart depicts the total number of game promotion filings the DACS processed in each of the last five fiscal years, how many of those were for electronic sweepstakes, and the revenues and costs associated with the department's regulation of game promotions.

Fiscal Year	Filings		Revenues	Expenditures	Net
	Total	Electronic			
2006-2007	2,708	595	\$270,601	(\$393,170)	(\$122,569)
2007-2008	6,084	2,019	\$605,252	(\$467,588)	\$137,664
2008-2009	4,832	1,200	\$483,300	(\$561,552)	(\$78,252)
2009-2010	4,107	282	\$409,965	(\$513,793)	(\$103,828)
2010-2011	3,664	14	\$363,350	(\$261,118)	\$102,232

### Charitable Drawings

<sup>16</sup> *Id.* at 866-867 (quoting *Sproat-Temple Theatre Corp. v. Colonial Theatrical Enterprise, Inc.*, 276 Mich. 127, 130-131 (1936)).

<sup>17</sup> Sections 1-9, ch. 71-304, L.O.F.

<sup>18</sup> Fla. AGO 2007-48

<sup>19</sup> Miriam Wilkinson & Eric Miller, Florida Game Promotions Statute: A Novel Application of an Exception to Florida's Prohibition on Gambling, 11 Gaming Law Rev 98, 98-99 (2007).

<sup>20</sup> *Id.* at 100.

Charities use drawings or raffles as a fundraising tool. Organizations suggest a donation, collect entries and randomly select an entry to win a prize.

While Florida law prohibits lotteries,<sup>21</sup> an exemption is provided for qualified organizations to conduct drawings by chance, provided the organization has complied with all applicable provisions of ch. 496, F.S. Requiring a donation or any other consideration is prohibited.

'Drawing by chance' or 'drawing' is defined as an enterprise in which, from the entries submitted by the public to the organization conducting the drawing, one or more entries are selected by chance to win a prize. The statute excludes from the definition "those enterprises, commonly known as 'matching,' 'instant winner,' or 'preselected sweepstakes,' which involve the distribution of winning numbers, previously designated as such, to the public."

'Organization' is defined as "an organization which is exempt from federal income taxation pursuant to 26 U.S.C. s. 501(c)(3), (4), (7), (8), (10), or (19), and which has a current determination letter from the Internal Revenue Service, and its bona fide members or officers."

Violations of the statute are punishable as second-degree misdemeanors and deceptive and unfair trade practices.

Because the game promotion statute excludes charitable nonprofit organizations, such organizations offering electronic game promotions sometimes claim to operate under the charitable drawings exemption. However, as noted, the charitable drawing statute seems to limit drawings to those conducted after the collection of entries, rather than a sweepstakes, where the winning ticket is determined before distribution.

### *Local Treatment*

Local governments throughout the state have approached electronic sweepstakes in the following ways: enforcement based on state law,<sup>22</sup> prohibition by local ordinance,<sup>23</sup> regulation by local ordinance,<sup>24</sup> zoning restrictions,<sup>25</sup> and moratoriums.<sup>26</sup>

During the 2011 interim, staff of the Senate Regulated Industries Committee conducted a survey of local authorities.

The majority of the Sheriffs who responded to the survey indicated that they thought the statutes were either vague, insufficient, or failed to provide sufficient direction as to whether the activities conducted through the use of electronic game promotions were legal. The majority of State Attorneys who responded to the survey believe that the Internet Cafes are illegal gambling houses and the activities should be prohibited. As discussed above, a few State Attorneys stated that it was difficult to believe that customers were paying for Internet time and noted that very few people use the Internet time; instead, the State Attorneys responding to the survey believe the customers are using slot machines to gamble. In addition, the majority of the Chiefs of Police who

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<sup>21</sup> Section 849.09, F.S.

<sup>22</sup> See, e.g., Anthony Miller, Deputies raid internet cafes, My Fox Tampa Bay, July 15, 2011, *available at* [http://www.myfoxtampabay.com/dpp/news/local/nature\\_coast/deputies-raid-internet-cafes-07152011](http://www.myfoxtampabay.com/dpp/news/local/nature_coast/deputies-raid-internet-cafes-07152011); Jeff Butera, Raids for illegal gambling shut down three internet sweepstakes cafes in Pinellas County, ABC Action News, July 15, 2011, *available at* [http://www.abcactionnews.com/dpp/news/region\\_pinellas/raids-for-illegal-gambling-shut-down-three-internet-sweepstakes-cafes-in-pinellas-county](http://www.abcactionnews.com/dpp/news/region_pinellas/raids-for-illegal-gambling-shut-down-three-internet-sweepstakes-cafes-in-pinellas-county)

<sup>23</sup> Seminole County Ordinance 2011-1, *available at* [http://www.seminolecountyfl.gov/ca/pdf/Ordinance\\_2011-1.pdf](http://www.seminolecountyfl.gov/ca/pdf/Ordinance_2011-1.pdf).

<sup>24</sup> Duval County Ordinance 2010-326, *available at* <http://www.coj.net/NR/rdonlyres/ecnqya2zuril2tmbesnmsnc7j7rkqwe7koe5wr4ok5mfrz5ypj6bjzsh7hs27kiomyjl4ivoqmm2d3ldylbhwdt3gc/2010-326.doc>

<sup>25</sup> Volusia County Ordinance 2011-06, on file with Business & Consumer Affairs Subcommittee. Pat Hatfield, "Volusia County looks to zoning to limit sweepstakes operators," West Volusia Beacon (March 14, 2011), *available at* <http://www.beacononlinenews.com/news/daily/3592>

<sup>26</sup> Jerry Askin, Internet Cafe in Chattahoochee Forced to Shut Down, WCTV, July 8, 2011, *available at* [http://www.wctv.tv/news/headlines/Internet\\_Cafe\\_in\\_Chattahoochee\\_Forced\\_to\\_Closes\\_Its\\_Doors\\_125177944.html?ref=944](http://www.wctv.tv/news/headlines/Internet_Cafe_in_Chattahoochee_Forced_to_Closes_Its_Doors_125177944.html?ref=944).

responded to the survey believe the statutes are vague, the establishments are operating as illegal gambling establishments, and that they should be prohibited. Law enforcement also indicated that the ambiguities in the laws make it difficult to determine whether the facilities are operating permissibly or in violation of state law. Over 20 cities reported that they have an ordinance to prohibit or regulate the businesses, have passed a moratorium to study the issue, or are considering the passage of an ordinance or moratorium.<sup>27</sup>

## Proposed Changes

The bill provides the following findings:

- (1) The Legislature declares that s. 849.01, Florida Statutes, specifically prohibits the keeping or maintaining of a place for the purpose of gambling or gaming.
- (2) The Legislature finds that s. 849.0935, Florida Statutes, was enacted to allow specified charitable or nonprofit organizations the opportunity to raise funds to carry out their charitable or nonprofit purpose by conducting a raffle for prizes by eliminating the element of consideration and allowing the receipt of voluntary donations or contributions and was not intended to provide a vehicle for the establishment of places of gambling or gaming.
- (3) The Legislature finds that s. 849.094, Florida Statutes, was enacted to regulate certain game promotions or sweepstakes conducted by for-profit commercial entities on a limited and occasional basis as an advertising and marketing tool and incidental to substantial bona fide sales of consumer products or services, if the element of consideration is removed as no purchase necessary and they comply with the requirements and rules specified by law, and was not intended to provide a vehicle for the establishment of places of ongoing gambling or gaming.
- (4) Therefore, the Legislature finds that there is a compelling state interest in addressing the deleterious effects of the proliferation of electronic machines and devices used for maintaining an ongoing place of gambling or gaming under the pretext of conducting a charitable nonprofit drawing by chance, or a sweepstakes game promotion in connection with the sale of a consumer product or service. The Legislature declares that it is the intent of this act to clarify that the use of such devices is prohibited, and this act may not be construed to authorize the possession or operation of any machine or device that is prohibited under any other provision of law.

### *Electronic Gaming*

The bill specifically prohibits the use of mechanical or electronic machines and devices in relation to charitable drawings or game promotions that are controlled by the sponsor of the game and operated by game participants at the game sponsor's establishment. Violation of these provisions in connection with a charitable drawing is punishable as a first-degree misdemeanor; violation in connection with a game promotion is punishable as a third-degree felony.

Furthermore, the bill updates the definition of slot machine or device by removing the requirement that such device be operated by the insertion of an object; and specifically including 'system or networks' of devices. The bill clarifies that a device is a prohibited slot machine regardless of whether: it is directly or indirectly operated, its outcome relies on skill or chance, or it is available for free play. It also clarifies that ch. 551, F.S., slot machines are included in the definition.

The bill creates a rebuttable presumption that a device is a prohibited slot machine if it simulates games of chance and is part of a scheme requiring consideration and awarding any thing of value.

### *Charitable Drawings*

The bill amends the current statute regarding charitable drawings by clarifying the definition of drawing by chance to include 'raffles' and to specifically exclude game promotions, as defined by current law.

The bill also specifically provides that compliance with the section does not provide an exemption from the prohibitions on keeping a gambling house or slot machines.

### *Game Promotions*

The bill amends the current statute regarding game promotions by clarifying the definition of game promotion to include 'sweepstakes' and to specify that the promotion is incidental to the sale of consumer products or services and to clarify that nonprofit organizations may not operate game promotions. Furthermore, the bill provides an explicit exemption from the prohibition on lotteries and specifically provides that compliance with the section does not provide an exemption from the prohibitions on keeping a gambling house or slot machines. Violation of the game promotion statute, or soliciting violation of the section, is deemed an unfair trade practice.

### *Racketeering*

The bill amends the definition of 'racketeering activity' to include any violation of ch. 849, F.S., relating to gambling.

The bill would become effective upon becoming law.

## B. SECTION DIRECTORY:

Section 1 provides legislative findings and intent.

Section 2 amends s. 849.0935, F.S., relating to drawings by chance offered by nonprofit organizations to revise definitions and conditions for exceptions to prohibitions on lotteries and to prohibit the use of devices operated by drawing entrants and provide penalties.

Section 3 amends s. 849.094, F.S., to revise definitions; provide conditions for exceptions to prohibitions on lotteries; prohibit the use of devices operated by game promotion entrants; provide penalties; and provide that violations are deceptive and unfair trade practices.

Section 4 amends s. 849.16, F.S., to revise definition machines or devices are subject to gambling provisions and provide a rebuttable presumption that a machine is a prohibited slot machine.

Section 5 amends s. 895.02, F.S., to revise the definition of the term "racketeering activity" to include violations of specified provisions.

Section 6 amends s. 721.111, F.S., relating to promotional offers to conform cross-references.

Sections 7 through 12 reenact ss. 15.56, 338.234(1), 655.50(3)(g), 849.19, 896.101, 905.34, F.S., relating to the Office of the Statewide Prosecutor, Florida Turnpike, money laundering, the seizure of property, the Florida Money Laundering Act, and a statewide grand jury, respectively, to incorporate changes made by the act in references.

Section 13 provides the bill will become effective upon becoming law.

## **II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

### A. FISCAL IMPACT ON STATE GOVERNMENT:

#### 1. Revenues:

None.

#### 2. Expenditures:

The bill provides for new penalties for certain violations. There is no Criminal Justice Impact Conference report available at this time.

**B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

1. Revenues:

Local governments that have authorized the use of devices in connection with game promotions or charitable drawings subject to local taxation will no longer be able to collect such taxes.

2. Expenditures:

The bill clarifies existing prohibitions on gambling and creates a rebuttable presumption that certain devices are slot machines. This may reduce the complexity and cost of local enforcement actions.

**C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

Establishments offering devices in connection with game promotions will no longer be able to do so. To the extent that offering the games increased the profitability of their underlying products or services, they could see reduction in sales.

**D. FISCAL COMMENTS:**

The bill is not anticipated to have a significant fiscal impact on state funds.

**III. COMMENTS**

**A. CONSTITUTIONAL ISSUES:**

1. Applicability of Municipality/County Mandates Provision:

Not Applicable. This bill does not appear to require counties or municipalities to spend funds or take action requiring the expenditures of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None.

**B. RULE-MAKING AUTHORITY:**

None.

**C. DRAFTING ISSUES OR OTHER COMMENTS:**

None.

**IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES**